

HOUSE BILL NO. 549

INTRODUCED BY GALLIK

A BILL FOR AN ACT ENTITLED: "AN ACT CREATING A CENTRAL STORES PROGRAM TO BE ADMINISTERED BY THE DEPARTMENT OF ADMINISTRATION; REQUIRING STATE AGENCIES TO PURCHASE CERTAIN PRODUCTS THROUGH THE PROGRAM; PERMITTING POLITICAL SUBDIVISIONS AND UNITS OF THE MONTANA UNIVERSITY SYSTEM TO PURCHASE PRODUCTS THROUGH THE PROGRAM; PROHIBITING THE DEPARTMENT FROM PRIVATIZING THE PROGRAM; AMENDING ~~SECTION~~ SECTIONS 2-8-303 AND 18-4-302, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

NEW SECTION. Section 1. Central stores program created -- purchase of products through program -- privatization prohibited. (1) There is a central stores program administered by the department.

(2) Under the central stores program, the department shall purchase office supplies, janitorial supplies, and fine and coarse paper for resale and distribution to state agencies. The department may purchase these products for resale and distribution to a political subdivision of the state or a unit of the university system at the political subdivision's or unit's request.

(3) ~~Except as provided in 18-4-302, a~~ A state agency shall purchase all office supplies, janitorial supplies, and fine and coarse paper through the central stores program.

(4) The department may not privatize the central stores program.

(5) (a) For the purposes of this section, "state agency" means an administrative unit of the executive, judicial, or legislative branch of state government.

(b) The term does not include a unit of the Montana university system.

Section 2. Section 2-8-303, MCA, is amended to read:

"2-8-303. Privatization plan -- contents -- privatization of central stores program prohibited. (1)

An agency proposing to privatize a program shall prepare a privatization plan that includes the following:

(a) a description of the program to be privatized, including references to the legal authority under which the program was created;

(b) detailed budget information that includes a list of expenditures for the 2 most recent fiscal years and the sources of revenue for the program;

(c) a list of all personnel currently employed in the program and the estimated effect of the proposed privatization on their employment status;

(d) a listing of the assets of the program and their proposed disposition if the plan is implemented;

(e) an estimate of the cost savings or any additional costs resulting from privatizing the program, compared to the costs of the existing, nonprivatized program. Additional costs must include the estimated cost to the state of inspection, supervision, and monitoring of the proposed privatization and the costs incurred in the discontinuation of ~~such the a~~ contract.

(f) the estimated current and future economic impacts of the implementation of the plan on other state programs, including public assistance programs, unemployment insurance programs, retirement programs, and agency personal services budgets used to pay out accrued vacation and sick leave benefits;

(g) the estimated increases or decreases in costs and quality of goods or services to the public if the plan is implemented;

(h) the estimated changes in individual wages and benefits resulting from the proposed privatization; and

(i) a narrative explanation and justification for the proposed privatization.

(2) To implement the privatization plan, an agency may transfer funds between budget categories.

(3) The department of administration may not privatize the central stores program provided for in [section 1]."

SECTION 3. SECTION 18-4-302, MCA, IS AMENDED TO READ:

"18-4-302. Methods of source selection -- authorization for alternative procurement methods. (1)

Unless otherwise authorized by law, all state contracts for supplies and services must be awarded by a source selection method provided for in this title. Supplies or services offered for sale, lease, or rental by public utilities are exempt from this requirement if the prices of the supplies or services are regulated by the public service commission or other governmental authority.

(2) When the department or another agency opens bids or proposals, if a supplier's current publicly advertised or established catalog price is received at or before the time that the bids or proposals are opened and is less than the bid of the lowest responsible and responsive bidder or offeror or improves upon the

1 conditions for the best proposal received using the same factors and weights included in the proposal, the
2 department or agency may reject all bids and purchase the supply from that supplier without meeting the
3 requirements of 18-4-303 through 18-4-306.

4 ~~(3) An office supply procured by the department's central stores program may be purchased by an~~
5 ~~agency, without meeting the requirements of 18-4-303 through 18-4-306, from a supplier whose publicly~~
6 ~~advertised price, established catalog price, or discount price offered to the agency is less than the price offered~~
7 ~~by the central stores program if the office supply conforms in all material respects to the terms, conditions, and~~
8 ~~quality offered by the central stores program. A state office supply term contract must include a provision by~~
9 ~~which the contracting parties acknowledge and agree to the provisions of this subsection.~~

10 ~~(4)~~(3) (a) Under rules adopted by the department, an agency may request from the department
11 authorization for an alternative procurement method.

12 (b) A request for authorization must specify:

13 (i) the problem to be solved;

14 (ii) the proposed alternative procurement method;

15 (iii) the reasons why the alternative procurement method may be more appropriate than a method
16 authorized by law; and

17 (iv) how competition and fairness will be achieved by the alternative procurement method.

18 (c) Within 30 days after receiving the request, the department shall:

19 (i) evaluate the request;

20 (ii) approve or deny the request; and

21 (iii) issue a written statement providing the reasons for its decision.

22 (d) Whenever the department approves a request submitted under this section, the department:

23 (i) may authorize the alternative procurement method on a trial basis; and

24 (ii) if the alternative procurement method is employed, shall make a written determination as to the
25 success of the method.

26 (e) If the department determines that the alternative procurement method is successful and should be
27 an alternative that is generally available, it shall promulgate rules that establish the use of the alternative
28 procurement method as an additional source selection method. The rules promulgated by the department under
29 this subsection must reflect the purposes described in 18-4-122. (Subsection ~~(4)~~ (3) terminates June 30,
30 2005--sec. 29, Ch. 181, L. 2001.)"

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2 NEW SECTION. **Section 4. Codification instruction.** [Section 1] is intended to be codified as an

3 integral part of Title 18, chapter 4, part 3, and the provisions of Title 18, chapter 4, part 3, apply to [section 1].

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5 NEW SECTION. **Section 5. Effective date.** [This act] is effective on passage and approval.

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